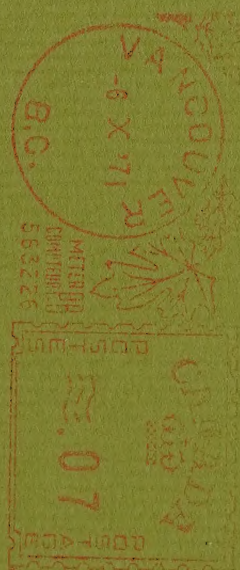


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inter-tech
DEVELOPMENT AND RESOURCES LTD.
1290 One Bental Centre,
Vancouver 1, B.C.

Mr. Ian Carman
The Globe & Mail
140 King Street, West
Toronto, Ontario
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DEVELOPMENT AND RESOURCES LTD.

**INTERIM REPORT
TO SHAREHOLDERS
SIX MONTHS
ENDED JUNE 30, 1971**

Inter-Tech director Richard M. Hogarth (left) at the opening of Inter-Tech trading on the Toronto Stock Exchange. With him are Lester Lowe, vice president, T.S.E.; and Ross E. Munro, director of T. A. Richardson & Co. Limited.

To our shareholders:

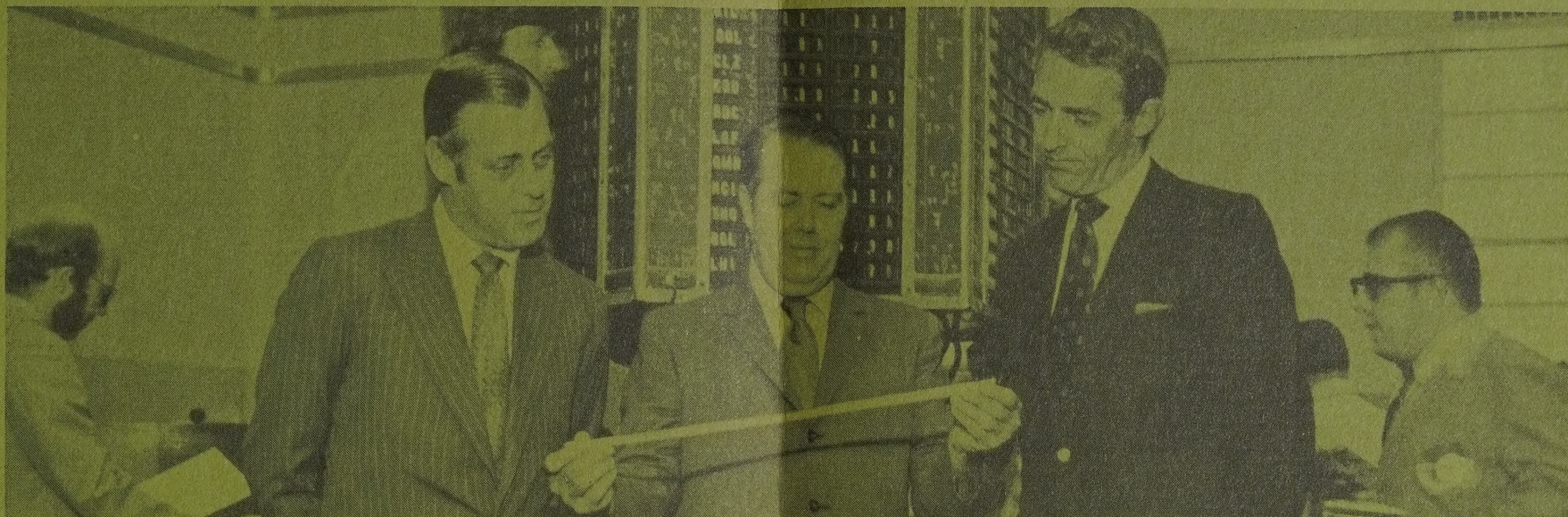
On behalf of the Board of Directors, I wish to present your company's financial reports for the six months ending June 30, 1971 and highlight some of the company's recent activities.

Salt Lake Field, Los Angeles

With the completion of two limited partnership programs totalling \$875,000, the company now has six producing wells completed in its first drilling district approved by the City of Los Angeles. Inter-Tech has an initial 30 per cent interest in these partnerships, rising to 50 per cent when the partners recover their original investment. In addition, these partnerships succeeded in testing and confirming a major extension of the Salt Lake Field to the north. This test, directionally drilled at angles of up to 70 degrees, encountered two productive horizons totalling more than 350 feet of oil sand.

As of July 8, 1971, Los Angeles City Planning Commission considered and approved the establishment of an additional drilling district designated U-168, subject only to the adoption of the necessary ordinance by City Council. This district, encompassing an additional 50 acres, represents an easterly extension of your company's now-productive district U-167 and includes leases acquired from Standard Oil of California on a farmout basis.

Less than a month later, on September 6, administrative approval was also received from the City on our filing to establish a drilling district to the north of U-167 on some 45 acres surrounding the successful extension test. The



application is now being processed for establishment of the necessary ordinance to permit drilling. It is hoped that the new districts will be available for further development later this year since both hold promise for substantial additions to your company's oil and gas reserves.

South Bearpaw Prospect, Montana

In June the company acquired a quarter interest in 80,000 acres of gas leases in an area some 80 miles south of the Alberta-Saskatchewan border known as the Bearpaw Arch. The interest was acquired in exchange for the issuance of 63,000 shares of the company's stock. Our property is in Chouteau County, 35 miles southwest of the prolific Tiger Ridge Field, discovered by High Crest Oils in 1966 and the location of more than 40 completed gas wells. Twelve miles to the east is Sherard Field, scene of major discoveries in the 1920's. The primary producing horizon in the Bearpaw Arch area is the Eagle Gas Sand, found at the extremely shallow depth of 1200-1400 ft. An initial drilling program involving ten exploratory tests is now in progress.

The first five of these tests have thus far established the presence of substantial thicknesses of the Eagle Gas Sand at very shallow depths. The location for the next five tests has now been determined, taking advantage of information gained to date, and there will be an effort to develop further structural information as well as to test several individual geological structures already mapped. The Bearpaw Arch area is currently the scene of considerable drilling activity, and several discoveries have been made in adjacent areas.

Producing Property Acquisition

Your company has now completed the acquisition of two partnership interests in a total of 16 wells, with major production coming from the Kinta Field in Oklahoma and the Barstow field in Texas. Total proven gas reserves involved in these interests have been estimated by independent petroleum engineers at 9.8 billion cubic feet. The properties were acquired in a private transaction involving issuance of 195,925 shares determined by a purchase price of \$250,000, and their addition will further strengthen the economic base of your company.

Analysis of the engineering estimates reflects projected revenues to Inter-Tech in the order of \$400,000 from presently indicated reserves. Additional development is contemplated. The properties will be operated by Crown Central Petroleum Corporation of Houston, Texas.

Toronto Stock Exchange

Your board is pleased to note the favorable action taken on the company's application for listing on the Toronto Stock Exchange, where Inter-Tech was called for trading in late July. The company continues to be listed on the Vancouver Stock Exchange.

By action taken at the last annual meeting of shareholders, you will note that the company's name has been simplified to Inter-Tech Resources Ltd. It continues to reflect the company's principal interest in the exploration and development of natural resources.

Respectfully submitted,

Morton A. Sterling
President

inter-tech

DEVELOPMENT AND RESOURCES LTD.

AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF EARNINGS FOR THE SIX MONTHS ENDED JUNE 30, 1971 AND 1970

	1971	1970
REVENUE		
Oil and gas income	\$ 31,002	\$ 4,307
Drilling operations	124,454	—
Sundry	—	5,800
Total revenue	<u>\$155,456</u>	<u>\$ 10,107</u>
EXPENSES		
Exploration and development projects terminated or written off during the year		\$ 56,819
Administrative and general	\$ 70,006	98,027
Total expenses	<u>\$ 70,006</u>	<u>\$ 154,846</u>
NET INCOME (LOSS)	<u>\$ 85,450</u>	<u>\$ (144,739)</u>

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS — FOR THE SIX MONTHS ENDED JUNE 30, 1971 AND 1970

	1971	1970
SOURCE OF FUNDS		
Operations	\$ 85,450	\$ (144,739)
Non-cash adjustments	4,004	39,780
	<u>\$ 89,454</u>	<u>\$ (104,959)</u>
Issuance of shares for purchase of oil and gas interests	78,750	
Disposition of fixed assets	1,553	
Increase in long-term debt	18,952	
FUNDS PROVIDED (APPLIED)	<u>\$188,709</u>	<u>\$ (104,959)</u>
APPLICATION OF FUNDS		
Purchase of oil and gas and mining interests	\$117,361	\$ 40,848
Purchase of fixed assets		2,465
FUNDS APPLIED	<u>\$117,361</u>	<u>\$ 43,313</u>
INCREASE (DECREASE) IN WORKING CAPITAL	\$ 71,348	\$ (148,272)
WORKING CAPITAL (DEFICIENCY) AT BEGINNING OF PERIOD	<u>(71,207)</u>	<u>276,265</u>
WORKING CAPITAL AT END OF PERIOD	<u>\$ 141</u>	<u>\$ 127,993</u>

NOTE: These statements include the accounts of the Company and all of its subsidiaries — Inter-Tech Resources, Inc.; Inter-Tech Beryllium Mines Inc.; and Inter-Tech Resources (Australia) Ltd.